



San Diego City Attorney **MICHAEL J. AGUIRRE**

NEWS RELEASE

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HOMEOWNERS FACING FORECLOSURES CAN ACCESS NEW CITY ATTORNEY INFO LINE AND WEB PAGE

San Diego, CA— While the City Attorney's Office cannot personally represent individuals who are in foreclosure, a new information line and web page for homeowners facing foreclosures with Countrywide Financial Corporation has been set up by the San Diego City Attorney's Office to receive and assess information about Countrywide's lending practices.

"The City Attorney's Office will review these cases to fully understand how adjustable rate mortgages with an introductory period of three years or less were presented to individual borrowers who, in most cases, would not be able to afford future payments," said City Attorney Michael Aguirre. "The information will be helpful in holding the lender accountable."

Homeowners who call the *Foreclosure Information Line*, 619-533-5679, will be able to leave their name and phone number, while the web page, *Foreclosure Crisis*, provides a City Attorney e-mail address to send the information, cityattorney@sandiego.gov.

The web page also contains several mortgage counseling services approved by the U.S. Department of Housing and Urban Development. The site can be accessed by visiting www.sandiegocityattorney.org.

Aguirre released the information at a joint news conference with U.S. Congressman Bob Filner (California's 51st Congressional District) who announced the passage of Federal bill, H.R. 3221—the American Housing Rescue and Foreclosure Prevention Act which will allow "American families in danger of losing their homes to refinance into lower-cost government insured mortgages they can afford to repay—at no cost to the American taxpayer."

Filner urged the City of San Diego to apply for the federal loans. Attending the news conference, which was held at a vacant bank-owned property in the southeastern part of San Diego, was Fourth District City Councilmember Tony Young whose communities have been hard hit by the foreclosure crisis.

Last month, the City Attorney sent a letter to attorneys for Bank of America, challenging the financial giant to declare a foreclosure moratorium on certain Countrywide sub-prime mortgages, which the lending institution acquired after its purchase of Countrywide Financial Corporation on July 1, 2008.

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According to Aguirre, during the proposed moratorium, Bank of America would agree to make reasonable efforts to contact the borrower and take all reasonable steps to resolve their differences, including participation in mediation before an independent mediator selected by the parties. "The timing is very important, in light of HUD's announcement that the \$300 billion FHA voluntary program to prevent foreclosures may not be operational for a year."

The letter, which was faxed on July 31, 2008 to Bank of America's legal counsel in Los Angeles, states in part:

I am requesting that your client agree to a voluntary moratorium halting all foreclosure activities within the City of San Diego related to certain Countrywide loans where Bank of America, through its acquisition, either still holds the loans in its portfolio or has the servicing rights to the loans. Specifically, the proposed moratorium would address only those Countrywide loans where the residence is the borrower's primary residence and the following four factors exist:

1. The loan is an adjustable rate mortgage with an introductory period of three years or less;
2. The loan has an introductory or "teaser" interest rate that is at least three percent lower than the fully indexed rate;
3. The borrower has a debt-to-income ratio that would have exceeded fifty percent under traditional underwriting standards utilizing the debt due under the fully indexed rate and not the debt due under an introductory or "teaser" rate; and
4. The loan-to-value ratio is one-hundred percent or the loan carries a substantial prepayment penalty or a prepayment penalty that extends beyond the introductory period.

During the proposed moratorium, Bank of America would agree to make all reasonable efforts to contact the borrower and take all reasonable steps to resolve their differences, including participation in mediation before an independent mediator selected by the parties. Further, during the proposed moratorium, Bank of America would agree to allow the borrower to make reasonable payments to continue living in the home, with the difference between what the borrowers pays per month and the actual monthly payment being added to the principle of the loan. Foreclosure activities may resume once all reasonable efforts have been expended.

On July 23, 2008, the San Diego City Attorney's Office filed a civil lawsuit against Countrywide Financial Corporation. and Bank of America.

To view related documents and correspondence, visit www.sandiegocityattorney.org, click "Foreclosure Crisis."

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